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20 OCT 1971

MEMORANDUM FOR: The Inspector General

SUBJECT: Inspector General's Survey of the  
Office of Scientific Intelligence,  
September 1971

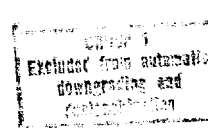
In reviewing the subject report we have noted a number of factual errors. Although some of these errors are inconsequential, the following are considered worth correcting for the record. We are pleased with this favorable report, of course, and believe it reflects a substantial insight by the inspectors into the inner workings of OSI.

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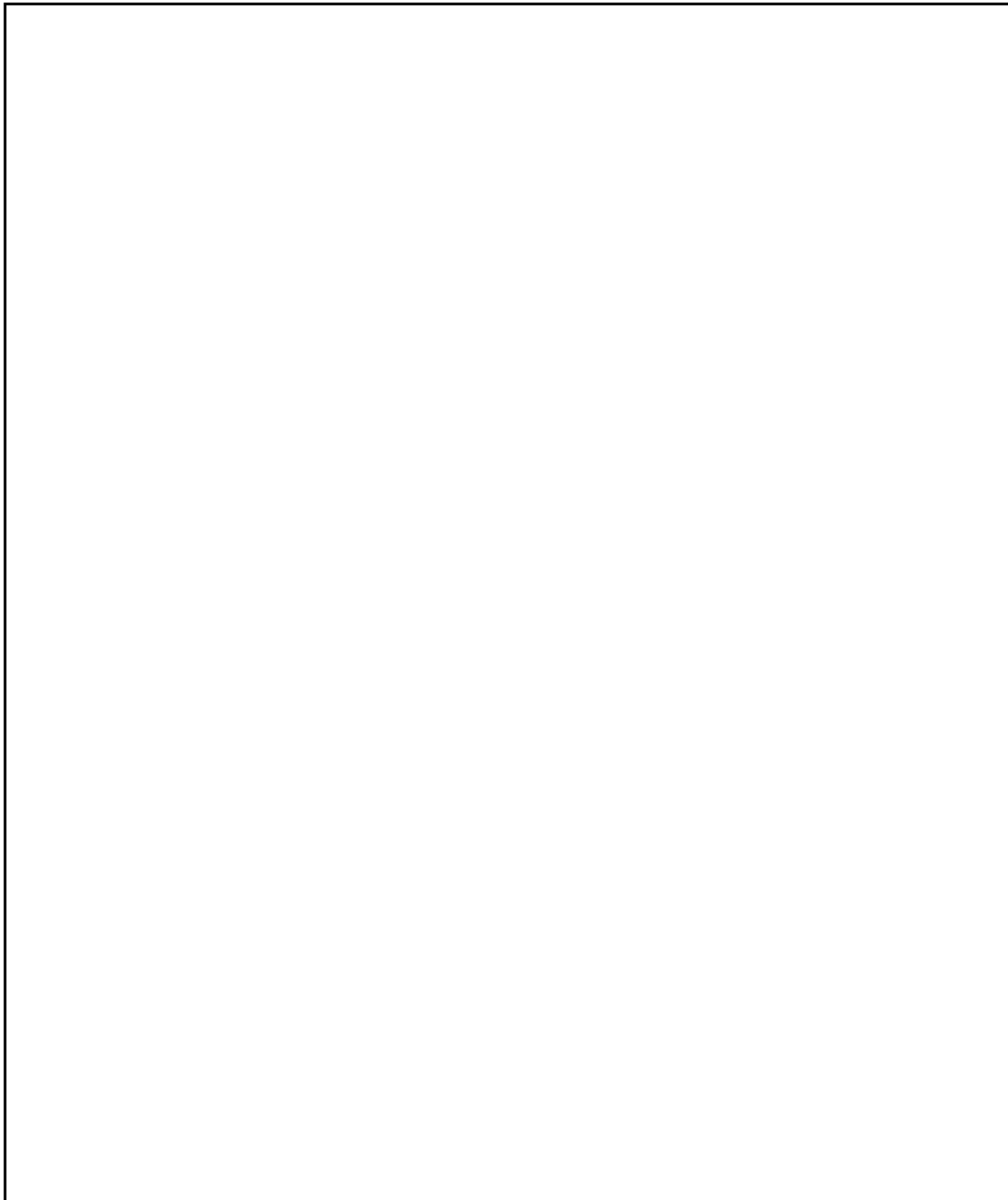
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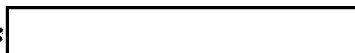


DONALD F. CHAMBERLAIN  
Director of Scientific Intelligence

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(20 October 1971)

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Inspector General's Survey  
of the  
Office of Scientific Intelligence

September 1971

S E C R E T

S E C R E T

Table of Contents

	<u>Page</u>
Summary Conclusions . . . . .	1
Mission and Resources . . . . .	4
Management . . . . .	6
Physical Sciences and Engineering Division . . . . .	9
Nuclear Energy Division . . . . .	13
Defensive Systems Division . . . . .	15
Life Sciences Division . . . . .	18
Executive Staff . . . . .	21
Intelligence Production Staff . . . . .	23
OSI and the USIB Committees . . . . .	26
External Contracts . . . . .	32
Consultants . . . . .	36
The Career Service . . . . .	38
The Product . . . . .	48
Program Planning, Production Control, and Product Review. .	57
The Work Load . . . . .	62

S E C R E T

S E C R E T

Recommendations

	<u>Page</u>
Recommendation No. 1 . . . . .	17
Recommendation No. 2 . . . . .	22
Recommendation No. 3 . . . . .	43
Recommendation No. 4 . . . . .	47
Recommendation No. 5 . . . . .	56
Recommendation No. 6 . . . . .	61
Recommendation No. 7 . . . . .	64

S E C R E T

SUMMARY CONCLUSIONS

1. Unlike the Office of Scientific Intelligence of 1964, which our last inspection found to be suffering from the effects of repeated reorganization, the present-day organization has come of age. We find OSI in 1971 to be a mature, well organized, and poised component. It is confident of its abilities and effective in its performance.

2. Top management in OSI is professional, respected, and backed by many years of intelligence experience. It is somewhat conservative, but we detected no unwillingness to adjust to new ideas. Personnel and production are controlled by a firm hand; lines of authority are clearly defined. Basic communications within the Office are generally good, but we have suggested that senior officials make a point of being more visible at the division and branch levels. Managers at the divisional level are experienced and able professionals. Many of the branch chiefs are young analysts who have been appointed within recent years. They are ambitious, well educated, and highly motivated. The youthfulness at the lower supervisory level is in marked contrast to the situation we found seven years ago.

S E C R E T

S E C R E T

3. There is a good mixture between the older and the younger professionals on the analytical staff in OSI. The latter are well trained, many with advanced degrees. We urged management to emphasize recruitment among the young scientists who have had a year or two of experience as well as an advanced degree. We believe it will help hold down attrition.

4. OSI continues to play a vital and active role in the S&T intelligence community through the structure of the USIB Committees. Its role is one of constructive leadership.

5. External analysis contracts are the life blood of OSI. Approximately half of its budget is devoted to this resource. The Office has developed adequate guidelines for determining whether or not research and analysis should be performed in the component or externally. In the newly established OSI Contract Review Panel the Office also has developed procedures to ensure that external contracts are handled in a business-like and cost-effective manner.

6. The management of personnel resources receives positive and continuous attention in OSI. The Career Service Panel is very active and encompasses as wide a range of tasks as any panel or board of similar components we have surveyed recently. In order to increase communications both upward and downward between the Panel and the rank and file employees, two members-at-large from the analyst level have been appointed as full fledged participants.



S E C R E T

This is an innovative concept that seems to be working out very well. Also under the general heading of personnel management, we have recommended to the DDS&T a position vacancy notice system. Both professional and clerical personnel in OSI strongly desire readily accessible and complete information on job opportunities.

7. At the time of our survey, OSI resources were reasonably well balanced against requirements; however, we foresee a potential problem in the near future. The Office's support to the joint Agency/DDR&E Net Technical Assessment program and the need to evaluate new waves of information flowing from new collection systems portend an overload.

- 3 -

S E C R E T

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EXTERNAL CONTRACTS

1. The OSI Contract Review Panel was established on 25 November 1970. The Panel consists of the OSI Executive Officer as chairman and the division Executive Officers as members. A contracting officer, assigned to the DDS&T, serves as an advisory member, and project officers are invited to participate in the meetings, as necessary.

2. The Panel reviews, (a) approval-in-principle memoranda, (b) requests for proposals, (c) criteria used by project officers in evaluating and selecting contractors, and (d) memoranda requesting approval of contracts. It is responsible for ensuring that such key factors as approach, ability, management, quality assurance, and reporting specified by contractors in their proposals have been properly evaluated prior to final contractor selection. The findings and recommendations of the Panel are submitted to the D/OSI for his review and approval.

3. Once a project is under way, the OSI project officer is responsible for monitoring its progress and performance through telephone discussions with and periodic visits to the contractor. He also is required periodically to prepare a written evaluation of the contract for the D/OSI.

S E C R E T

4. The DDS&T seems well pleased with the contract review procedures established by OSI; and the senior Contracting Officer, a long-time specialist in this field, believes that OSI deserves high marks for its overall handling of contracts. From all indications, OSI has developed adequate guidelines for determining whether or not research and analysis is to be performed internally or externally. It seeks external assistance when the required skills do not exist or cannot be economically developed within the Agency, and the contractor seems to possess the unique capabilities (highly skilled professionals, laboratories, and advanced computers) to get the job done. The Office has developed procedures to ensure that external contracts are conducted in a business-like and cost-effective manner. Contract costing is generally based on a fixed service fee, plus the costing out of required professional man-hours and travel expenses.

5. The research product of all contractors has been in direct support of the intelligence production responsibilities of OSI. With very few exceptions, all OSI contractors are dependent on the raw intelligence data provided by the project monitor, who visits frequently. The contractors could not meet the terms of the contract without these materials, and the research products are greatly influenced in scope and responsiveness to requirements through these contacts. Contributions from contractors range from nearly

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S E C R E T

finished intelligence to significant inputs to National Intelligence Estimates, National Intelligence Surveys, Scientific and Technical Intelligence Reports, and special studies.

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7. On the question of performance, those contractors who have been working on specific tasks for OSI over a period of years are generally rated as excellent. In the case of relatively new tasks assigned to contractors, the work performed thus far is adjudged to be promising. About 80 percent of OSI's production of in-depth studies is supported by and dependent on contractor analytical reports, or on the techniques and procedures for analysis developed by the contractor.

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- 34 -

S E C R E T

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S E C R E T

THE PRODUCT\*

1. Contributions to National Intelligence Estimates. These are undoubtedly OSI's most important production item. They consume an appreciable portion of the production capacities of DSD and NED and a smaller, but still significant, portion of the capacities of the other two divisions. A very high percentage of all JAEIC and SIC contributions to National Intelligence Estimates are OSI products. Top officers in DSD and NED play key roles in chairing and sitting as members of inter-directorate task forces assigned to the preparation of contributions to NIEs.

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\*A brief description and analysis of the formal publications is in order.

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